

PART 1901 - PROGRAM RELATED INSTRUCTIONS

Subpart A - Loan and Grant Approval Authorities

§ 1901.1 Purpose.

This subpart contains the loan and grant approval authorities by program of field officials of the Rural Development mission area. This subpart does not apply to Water and Waste Programs of the Rural Utilities Service, Watershed loans, or Resource Conservation and Development loans, which are covered under part 1780 of this title.

§ 1901.2 Policy.

The loan and grant approval authorities will be given to State Offices and Field Offices, consistent with program requirements and available resources. Assistance to Agency employees, members of their families, close relatives or business or close personal associates is subject to the provisions of Subpart D of Part 1900 of this chapter. Appropriate reviews, concurrence, and authorization, as required by RD regulations, must be obtained for all loans and/or grants in excess of the amounts indicated in Exhibits A, B, D, E, and F.

§ 1901.3 Approval documents.

- (a) Final approval documents for all loans, grants, or guarantees will be executed by Field Offices, unless approval authority is centralized, or regionalized by the National Office program area.
- (b) State Directors and Field Office staff are authorized to execute loan guarantee documents in accordance with approval authorities.

§ 1901.4 Authorities and responsibilities.

- (a) Authority of supervising officials. Supervising officials have their own authority and also the authority given to officials under their supervision.
- (b) Authority of acting officials. Acting officials have the authority and responsibility of their regular and acting positions unless limited by designation document.

Distribution: WSA

General
Program Related
Instructions

RD Instruction 1901-A
§ 1901.4 (Con.)

(c) Redelegation of authority by State Directors. Unless restricted by memorandum from the Administrator, or RD regulations, State Directors can delegate their approval authorities to State Office or Field Office employees within the applicable loan and grant program identified in Exhibits to this instruction by issuing a State Supplement.

(d) Restrictions of approval authority by the Administrator. The Administrator can make written restrictions or revocations of the authority given to any loan approval official.

(e) Restrictions of approval authority for loans or grants by State Directors. A State Director can make written restrictions or revocations, for not more than 6 months, of the authority given to a State Office or Field Office employees.

(f) Restrictions on Loan Specialist (or similar position).

(1) A newly appointed Loan Specialist (or similar position) will not approve loans or grants until they receive adequate training and written authority from the State Director.

(2) The next level supervisor must certify that training requirements have been completed.

(3) The training curriculum established by the National Office program area will be completed, or by State Supplement submitted to the National Office program area for pre-approval.

§ 1901.5 Other program considerations.

See Exhibits A, B, D, E, and F for dollar amounts. See appropriate program Instructions for other considerations.

§§ 1901.6 - 1901.50 [Reserved]

Attachments: Exhibits A, B, C (Reserved), D, E, and F.

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GUARANTEED AND DIRECT APPROVAL AUTHORITY

for

BUSINESS AND INDUSTRY (B&I)

and

RURAL ENERGY FOR AMERICA PROGRAM (REAP) LOANS

A. The Administrator will delegate separate written authorities for each State. The Administrator may revoke or reduce State authorities and require the State Director to submit any or all actions to the National Office for review and concurrence prior to the State Director approving such actions. Authorities will be periodically reviewed and updated based upon the following criteria:

1. Experience of State staff responsible for B&I and REAP.
2. Review findings.
3. Delinquencies.
4. Program activity.

B. Upon receipt of written notice of delegated authority, the State Director may act to the extent delegated without the prior review and concurrence of the National Office, unless otherwise stated in the delegation of authority. Authority not delegated cannot be exercised.

C. State Directors may not approve actions on loans or on loan applications previously disapproved or preapplications previously discouraged by the National Office.

D. Information regarding the dollar limitation of State Directors' authorities is available in memorandum form at the State Office. Authority information for the B&I program is available from the Director, B&I Division. Authority information is available for the REAP program from the Director, Energy Division.

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COMMUNITY AND BUSINESS PROGRAMS
 LOAN AND GRANT APPROVAL AUTHORITY

Type of Assistance	State Director	Area/Other Field Office Official <u>2/</u>
<u>COMMUNITY FACILITIES DIVISION PROGRAMS: 1/</u>		
Direct Community Facilities Loans	<u>3/ 4/ 5/ 6/</u>	\$1,000,000
Public Bodies	\$5,000,000	
Other than Public Bodies	\$3,000,000	
Guaranteed Community Facilities Loans	<u>3/ 4/ 5/ 6/</u>	\$1,000,000
Public Bodies	\$5,000,000	
Other than Public Bodies	\$3,000,000	
Community Facilities Grants	<u>3/ 8/</u>	\$3,000,000
<u>BUSINESS AND INDUSTRY PROGRAMS: 7/ 9/</u>		
Business and Industry Guaranteed and Direct Loans	\$10,000,000	\$1,000,000
<u>SPECIALTY PROGRAMS DIVISION (Processing and Servicing): 9/ 13/ 14/</u>		
Intermediary Relending Program	No dollar limitation	
Rural Business Development Grants	No dollar limitation	
Rural Economic Development Loans and Grants	No dollar limitation	
Rural Microentrepreneur Assistance Program	No dollar limitation	

Type of Assistance	State Director	Area/Other Field Office Official 2/
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ENERGY DIVISION PROGRAMS: 11/ 12/ 14/

REAP Grants	No dollar limitation	
REAP Direct Loans	To Be Determined	<u>11/ 12/ 14/</u>
REAP Guaranteed Loans	\$10,000,000 <u>11/</u>	\$1,000,000

COOPERATIVE SERVICES PROGRAMS: 9/ 14/

Rural Cooperative Development Grants	No dollar limitation	
Value-Added Producer Grants	No dollar limitation	
Socially-Disadvantaged Group Grants	No dollar limitation	
Delta Health Care Services Grants	No dollar limitation	

1/ Upon receipt of written notice of delegated authority from the Administrator, the State Director has approval authority for the indicated program in the indicated amount without National Office review and concurrence provided the State has a program manager. State Directors without program managers have approval authority for the indicated program in the indicated amount only after review and concurrence of the docket by the National Office. This required submission of the docket will continue until the National Office sends written instructions otherwise to the State. Approval authority of Area or other field office officials as specified by this Instruction is not affected by the absence of a State Program Manager.

Funding for a Community Programs project includes all activity that an applicant is currently undertaking for a facility to be financed, in whole or in part, with Agency assistance. Approval of subsequent funding to the same applicant or borrower for a different project will not be considered cumulative to the previously approved amount when determining loan approval authority.

Type of Assistance	State Director	Area/Other Field Office Official 2/
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2/ When the State Director determines that Area or other field office officials possess sufficient expertise in Community and Business Programs, the State Director may delegate his/her approval authority for those programs to such person within the limits of this exhibit.

3/ Maximum amount of loan or grant.

4/ Amounts in excess of those indicated require prior review and concurrence by the National Office on each project before approval. National Office concurrence is not necessary if the loan will be secured by general obligation tax bonds or assessments.

5/ State Directors may approve Community Facilities (CF) loans in an amount not exceeding that shown without prior National Office concurrence. When the State Director determines that the State Office official responsible for the CF program possesses sufficient expertise in CF, the State Director may delegate the approval authority for CF within the limits set by the Administrator or the limits in this exhibit. National Office concurrence is not necessary when the loan exceeds the amount stated herein when the loan will be secured by general obligation tax bonds or assessments. This does not preclude the requirement of National Office concurrence when the applicant does not meet the 5-5 criteria, the loan is being approved on the basis of exceptional community support, or in any case as requested by the State Director. Funding for a CF project includes all activity that an applicant is currently undertaking for a facility to be financed, in whole or in part, with Agency assistance. Approval of subsequent funding to the same applicant or borrower for a different project will not be considered cumulative to the previously approved amount when determining loan approval authority.

6/ If, after construction bids are opened, project costs exceed the amount of loan assistance previously concurred in by the National Office for the project, and such costs cannot be reduced by negotiations, redesign, use of bid alternatives, or other means, the amount of the loan may be increased up to 10 percent without further concurrence by the National Office.

7/ All B&I approvals are subject to separate written authorities delegated by the Administrator (See Exhibit A of this Instruction). Amounts in excess of those indicated require prior review and concurrence by the National Office before approval. When approving subsequent loans to the same borrower for the same facility, the principal balance plus accrued interest on outstanding loans in addition to the amount of the subsequent loan must be within the approval authority of the approval official. Approval of subsequent funding to the same borrower for a different facility will not be considered cumulative to the previously approved amount when determining loan approval authority, although the cumulative percentage of guarantee limits are applicable.

When the State Director determines that the State Program Director or other designee possesses sufficient expertise in Business Programs, the State Director may delegate his/her approval authority for Business Programs within the limits set by the Administrator or the limits of this Exhibit. If the position of State Program Director becomes vacant, the State Director's approval authority will be suspended until reinstated by a memorandum from the National Office. The State Director may request reinstatement of his/her approval authority from the National Office.

8/ Combination Grant, Direct, and/or Guaranteed Community Facilities loan approval authority is limited to \$3 million or \$5 million based on delegated approval authority.

9/ Financial assistance to employees, members of families of employees, close relatives, or business or close personal associates should be made in accordance with RD Instruction 1900-D and 5 CFR § 2635 (Standards of Ethical Conduct for Employees of the Executive Branch).

10/ For Regional Commission grants, administered by the Agency, there is no dollar limitation.

11 All REAP guaranteed loan approvals are subject to written authorities as delegated by the Administrator per Exhibit A of this Instruction. Authorities regarding REAP Direct Loans will be issued as an amendment to this Instruction at such time as the Direct Loan Program is implemented.

12/ Notification of funds will be issued by Notice of Funds Availability.

13/ The State Director is delegated all loan and grant servicing authority, except for direct loans and grants in those situations where there will likely be a loss.

14/ Scope of Work Changes. Changes to an original approved plan of work or scope of work must be in compliance with appropriation law, program regulations, policies, and statutes.

The State Director (or delegated approval official) can approve minor changes to an approved plan of work or scope of work when (1) the funds were obligated from state-allocated funds, (2) the funds can no longer be used as originally approved, and (3) any change would be in accordance with the State's delegated authority.

"Minor changes" are those that (1) involve no-cost budget changes, (2) do not result in a lesser priority score, (3) do not require a re-evaluation of technical merit, or (4) do not include changes to key owners, management, or control of the project. Any change that necessitates re-underwriting the project or amending or supplementing the Agency's NEPA environmental evaluation is not a "minor change."

All changes that are not "minor" must be submitted to the appropriate National Office program area for review along with the request for the change, supporting documentation, and recommendation.

For Rural Economic Area Partnership funds, the State Director should coordinate with Cooperative Programs in the National Office to ensure that changes in the project Scope of Work are consistent with approved benchmarks. The project will should contain a copy of documentation to verify National Office concurrence.

For the purposes of this exhibit, a plan of work or scope of work includes, but is not limited to, statements of work, business plans and feasibility studies, budgets and financial statements, key personnel, the source and use of project funds, timeframes and timelines, technical reports, and anything relating to how the project will be accomplished.

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RURAL HOUSING
 GUARANTEED, AND DIRECT LOAN AND GRANT APPROVAL AUTHORITIES

Type of Assistance	State Director <u>1</u> /	Area Director	Loan Specialist
RURAL HOUSING (RH)			
Direct Section 502 Rural Housing Loans <u>2</u> / <u>4</u> /	\$ ---	\$ ---	\$ ---
Section 504 Rural Housing Loans <u>4</u> / <u>5</u> /	---	---	---
Section 504 Rural Housing Grants <u>4</u> / <u>5</u> /	---	---	---
Guaranteed Rural Housing Loans <u>6</u> /	---	---	---
Labor Housing (LH)			
Loans (Individuals & Family Farm Corporations or Partnerships) <u>4</u> /	400,000 <u>7</u> /	---	---
Labor Housing Loans (Organizations)	400,000 <u>7</u> /	---	---
Labor Housing Grants	--- <u>8</u> /	---	---

Type of Assistance	State Director ^{1/}	Area Director	Loan Specialist
Rural Cooperative Housing Loans	--- <u>7</u> /	---	---
Rural Housing Site Loans	\$400,000 <u>7</u> /	---	---
Technical Assistance (TA) Grants	\$300,000 <u>8</u> /	---	---
Rural Rental Housing (RRH) Loans	3,000,000 <u>7/10</u> /	---	---
Technical and Supervisory Assistance (TSA) Grants	--- <u>8</u> /	---	---
Housing Application Packaging Grants	--- <u>8</u> /	---	---

^{1/} State Directors may delegate approval authority to the amounts indicated in this exhibit in accordance with §1901.4 of this Instruction. Approval authority of this type will be delegated in writing.

^{2/} Approval officials may approve a Direct Section 502 RH loan for an amount up to the maximum loan amount as described in 7 CFR 3550.63.

3/ [Reserved]

4/ The loan approval limitation specified for the respective approval official will not be exceeded by the loan being approved, plus the outstanding principal and interest balance and undisbursed balance of previously authorized loans of the same type. Exceptions to approval limits may be made on a temporary basis by memorandum from the Administrator. If the loan is being processed in connection with an LH grant, approval authorities for the grant will apply to both the loan and grant.

5/ Approval officials may approve a Direct Section 504 RH loan or grant for an amount up to the maximum loan or grant as described in 7 CFR 3550.112.

6/ Approval officials may approve a Guaranteed Rural Housing Loan up to the maximum loan amount as described in 7 CFR 3555.103.

7/ Proposals in excess of the amount indicated, or where no amount is shown, require prior review and concurrence by the National Office before approval. If, after construction bids are opened or the loan has been approved, it is found that the project costs will exceed the amounts planned, thereby causing the amount of the loan assistance to exceed that previously concurred in by the National Office for the project, and project costs cannot be reduced to an acceptable level by negotiation, redesign, use of bid alternate, or other means, then the amount of the loan may be increased (subject to the requirements of program regulations) up to 10 percent without further concurrence by the National Office.

8/ Proposals in excess of the amount indicated or where no amount is shown require prior review and concurrence by the National Office before approval.

9/ [Reserved]

10/ All preapplications involving congregate housing, group homes, and manufactured housing must be reviewed by the National Office before an application is authorized, unless a state-wide exception is authorized by the Deputy Administrator, Multifamily Housing.

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APPROVAL AUTHORITIES FOR CREDIT SALES OF INELIGIBLE/NONPROGRAM (NP)
TERMS [NONPROGRAM LOANS]

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Type of Property	State Director ^{1/}	Area Director	Loan Specialist
Single-family dwelling ^{2/}	\$ ----	\$ ----	\$ ----
Multiple-family housing facility ^{3/}	\$1,500,000	----	----
Sites for housing ^{4/}	\$ 400,000	----	----

- ^{1/} State Directors may delegate approval authority to the amounts indicated in this exhibit in accordance with §1901.4 of this Instruction. Approval authority of this type will be delegated in writing
- ^{2/} Approval officials may approve credit sales in an amount up to the maximum loan limit as described in 7 CFR 3550.74.
- ^{3/} Includes all facilities which formerly secured Rural Rental Housing or Labor Housing loans.
- ^{4/} Property which formerly secured Rural Housing Site loans, regardless of the intended use by the buyer.

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NONPROFIT NATIONAL CORPORATIONS LOAN AND GRANT APPROVAL AUTHORITIES

A. The Administrator may delegate separate written authorities for each State. The Administrator may, at his/her discretion, revoke State authorities and require the State Director to submit any and all actions to the National Office. Authorities will be periodically reviewed for updating.

B. Upon receipt of written notice of delegated authorities, the State Director may act to the extent delegated without prior review and concurrence by the National Office. Authority not delegated cannot be exercised.

C. State Directors cannot approve actions on loans or on loan applications previously disapproved or discouraged by the National Office.

D. Information regarding the dollar limitations of State Directors' authorities is available in memorandum form at the State Office. Information regarding the limitations of State Directors' authorities on B&I loans is available from the Director, Business and Industry Division. Information regarding the limitations of State Directors' authorities on Section 9007 loans is available from the Director, Energy Division.

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